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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

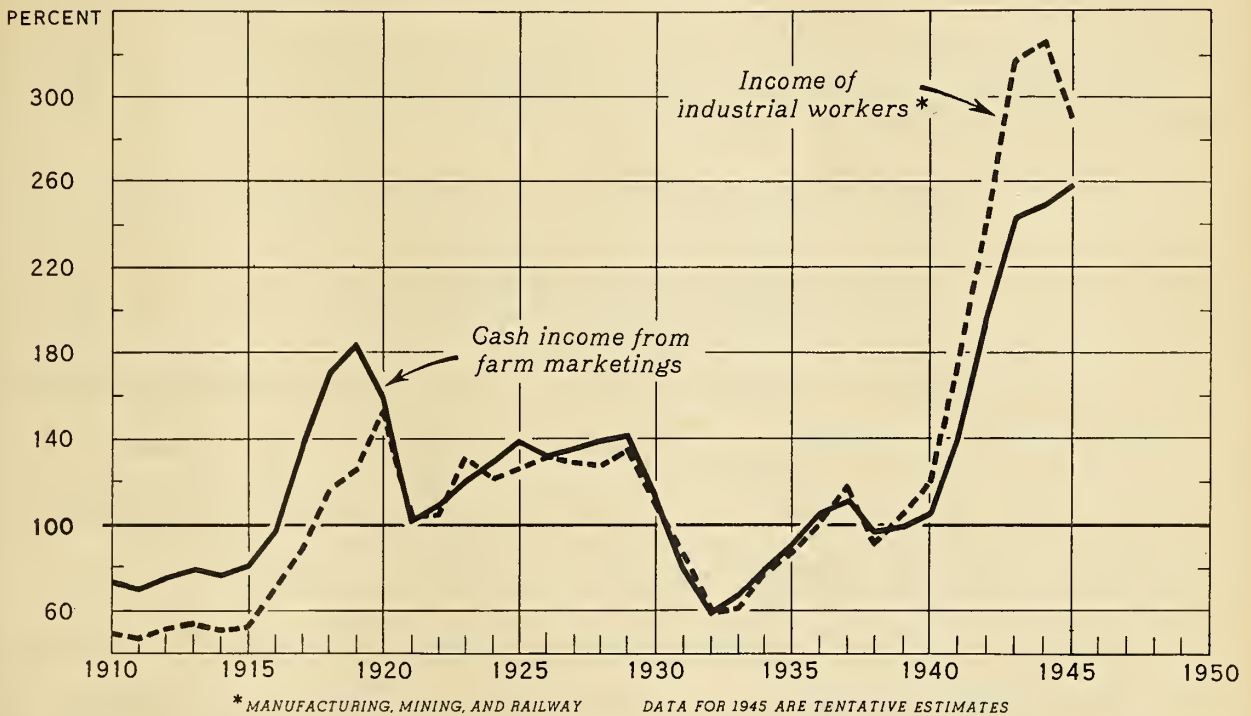
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SEPTEMBER - OCTOBER 1945

CASH INCOME FROM FARM MARKETINGS, AND INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1910-45

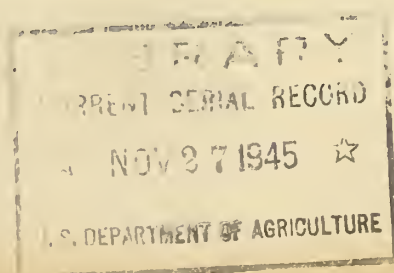
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U. S. DEPARTMENT OF AGRICULTURE

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Changes in the purchasing power of industrial workers greatly influence the demand for, and consequently the prices of, farm products. Changes in the prices of farm products ordinarily account for most of the changes in income from farm marketings. Fluctuations in the income of industrial workers and cash income from farm marketings have been similar most of the time since 1910. However, the series occasionally move in opposite directions, as in 1920, 1924 and 1945.



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THE DEMAND AND PRICE SITUATION

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DEMAND, PRICES AND INCOME

THE OUTLOOK FOR FARM PRODUCTS IN 1946

Demand for farm products is likely to be maintained at a high level in 1946, but prices and incomes to farmers are expected to be somewhat below the high levels of 1945. The prices of farm products in 1945 will apparently average about double the 1910-14 average and also nearly double the prewar 1935-39 average. With normal conditions for production in the United States, prospects are for a reduction in cash receipts from marketings, in 1946, but probably not more than about 10 to 15 percent. Since the prices of some nonfarm products may advance prices farmers pay probably will not decline as much as the prices they receive for their products. The net income of farmers might decline by as much as 15 percent, but would still be more than double the prewar average and higher than in any year prior to 1943, including the peak years immediately after World War I.

Total demand for farm products is likely to be maintained at a high level through 1946 by a high level of civilian purchasing power and by the taking of a large volume of farm products for relief and export. The cut-back in national expenditures for war materials is reducing national income, but by the middle of 1946, reconversion will have reached the point at which national production may begin to expand, with increasing employment. National income for the year may be reduced, but perhaps by not more than 15 percent, from the high level of 1945.

Purchasing power of consumers will not be affected as much as national income by the cutbacks from war production. If taxes are reduced, this will leave a larger proportion of current incomes at the disposal of consumers. Furthermore, consumers may reduce current savings and use some of their accumulated savings to purchase goods and services, so that the actual current expenditures may be little affected by the curtailment in national income. In fact, the total expenditures for consumer goods and services in 1946 are likely to be larger than in 1945.

Civilian purchases of farm products will be increased by returning soldiers, by the removal of restrictions upon consumption, and, in the case of textiles, simply by converting more of the raw material into civilian goods for which there is a waiting demand. The curtailment of military purchases of most products will be offset largely, if not entirely, by expanding civilian requirements and increased purchases for relief and export. In some cases, the supplies released by the reduction or disappearance of special military requirements will be absorbed only at low prices.

Relief takings and exports of farm products in 1946 will be large if adequate financial arrangements are provided. The need exists and arrangements have already been made to move a considerable volume in the next few

months. Wheat is moving in large volume and the exports of cotton are likely to increase. Takings of some products may decline in the latter part of the year, with the harvesting of crops in Europe and in other exporting countries.

-- October 17, 1945

INDUSTRIAL ACTIVITY

It is commonly observed that the value of farm marketings follows closely changes in industrial payrolls. Undoubtedly changes in employment and in the wages of industrial workers are important considerations in the outlook. Reconversion of industry from war to peacetime production involves a considerable reduction in industrial employment at the same time that the number in military service is being reduced drastically. Unemployment, however, will increase much less than employment decreases. At the high point, employment in the war period exceeded the normal labor force by about 5 million persons. Many of these, especially those of normal retirement age and the wives of returning war veterans, will voluntarily retire from the labor force. The number of unemployed during the coming year does not seem likely to exceed 8 million, and probably will be considerably smaller than that by the end of 1946. Unemployment benefits on a much larger scale than ever before will partially maintain the purchasing power of those who do become unemployed. Thus, the total payment to individuals will not be reduced as much as industrial payrolls, and this will help support the demand for farm products.

The current shortage of durable consumers' goods, together with high incomes and large savings, insures a high level of domestic demand for most manufactured products. Similar shortages in Europe and Asia will cause the foreign demand to be unusually large provided means for financing exports are available. This will call for a high rate of industrial activity, compared with prewar, which will help to maintain nonagricultural incomes and the domestic demand for farm products at a high level.

AGRICULTURAL PRICES

Prices received by farmers have declined from the high level reached in June and are likely to average moderately lower in 1946 than in 1945. The prices of fruits, vegetables, truck crops, and eggs may decline somewhat more than those of other farm products. Since relief and export takings of farm products are likely to be smaller in the second half of the year, the prices of most farm products may decline at that time, especially if crop yields are high in foreign countries as well as in the United States.

The index of prices received by farmers for September 1945 was 197, which is 9 points under the wartime peak reached in June and July, but 90 points above the 1935-39 average. The decline in the index from August to September was largely the result of lower average prices for truck crops and potatoes, although the prices of feed grains, tobacco, oil-bearing crops, meat animals, and poultry and eggs also contributed somewhat. Changes in the index during

the next 2 or 3 months seem likely to be small, although prices may average slightly lower than in recent months. The average for the year 1946 is not likely to be more than 10 percent below 1945.

The parity index for September reached a new peak of 174, after remaining constant at 173 for 6 months. There have been some slight increases in prices paid during the past year for clothing, furniture and building materials. Prices paid for livestock feed are slightly lower than in 1944. The index may decline, but only slightly, in the second half of 1946. Prices paid for seed, purchased food, and livestock feed may decline, as prices of farm products are reduced. These items contribute 29 percent of the total value of the index. Interest and taxes, which make up 14 percent of the index, probably will show little change. Prices of such articles as automobiles, tractors, other farm machinery and building materials may average higher in 1946.

The ratio of prices received to prices paid, interest and taxes was 113 for September 1945, and averaged 117 for the first 9 months of the year. Since the prospective decline in prices received is somewhat larger than that in prices paid, the ratio may be moderately lower in 1946, particularly in the second half of the year. Farm prices, however, are expected to average above parity.

FARM LABOR

Farm wage rates, which have risen to almost 3 times their prewar (1935-39) level, are likely to remain relatively high, although some declines are expected, particularly in the second half of 1946 if the prices of farm products are lower. The number of farm workers has averaged about 1 million persons, or 9 percent, fewer than in 1935-39. The supply is likely to return more nearly to normal in 1946, as some veterans and discharged industrial workers return to farms. This will more than offset the prospective loss of farm labor from the return of foreign workers and prisoners of war to their own countries. The increased supply of farm labor will be an additional factor tending towards lower farm wage rates.

FARM INCOME

Gross farm income, cash receipts, production expenses, and net income to farm operators, which began to rise in 1938, reached a peak in 1945. Some recession is expected next year.

Cash Receipts

Assuming average crop yields in 1946, total cash receipts, including Government payments, may be about 19 billion dollars, about 10 percent below 1945. With only average crop production in 1946, total crop marketings for the calendar year will probably be less than in 1945. The total volume of marketings in 1946 would be about 4 percent less than this year, and prices might be 5 to 10 percent below 1945.

In 1945 total cash receipts from farm marketings probably will be about 20.4 billion dollars and Government payments will increase it to around 21.2 billion dollars, 3 percent above 1944. Cash receipts from crops may be more than 5 percent above last year, while income from livestock and livestock products probably will be only very slightly above 1944. Little change is expected in total volume of farm marketings, as the increase in volume of crops sold probably will be about offset by a similar decrease in volume of livestock and livestock products. Production of most crops this year is heavy and unusually large proportions of the large 1944 crops were sold during the first half of 1945. The combined volume of crops marketed in 1945 is about 7 percent above last year. Prices in 1945 will average slightly above 1944.

Production Expenses

Production expenses probably will reach a peak this year and decline in 1946. An increase of almost 5 percent in expenses in 1945 may be followed by a small decrease in 1946. Costs of hired labor probably will rise this year over last year as wage rates are increasing, but there may be a decline of about 10 percent in expense of hired labor in 1946.

Charges for maintenance and depreciation will be high in 1945, but probably will be higher still in 1946, as greater supplies of available motor vehicles and other farm equipment provide greater opportunities for replacing outworn and outmoded implements.

Expenditures for purchased feed may decline moderately in 1946, as numbers of livestock to be fed and prices paid for feed may decrease somewhat.

Property taxes may increase slightly in 1945, but are not expected to show much change in 1946. Charges for farm mortgage interest probably will be about the same in 1945 and 1946 as in 1944.

Net Income to Farm Operators

Gross income -- the sum of cash receipts from farm marketings, Government payments, value of products consumed in farm homes and rental value of farm dwellings -- probably will amount to around 24.2 billion dollars in 1945, followed by a decline of perhaps 5 to 10 percent in 1946.

Realized net income to farm operators in 1945 probably will exceed 1944 by about 3 percent, to register almost 13 billion dollars. In 1946 net income may recede as much as 15 percent. Government payments, which are included in these net income estimates, will be about 0.8 billion dollars in 1945, about the same as in 1944, but a decrease of 10 to 15 percent may be shown in 1946.

LIVESTOCK AND MEATS

Returns from sales of meat animals probably will average moderately lower in 1946 than in 1945. The supply of meat in 1946 is likely to be about in balance with demand at the 1945 level of wholesale and retail prices. Hence, if price ceilings on meats are raised or removed in 1946, the general level of meat prices probably will be about the same as in 1945, when prices were held

materially below the "free-market" level by ceilings. However, slaughterers are now paying more for cattle and hogs than the equivalent value at current meat prices, and if subsidy payments to slaughterers are removed in 1946, some decline in cattle and hog prices is likely to occur.

Slaughter subsidy payments on cattle vary from \$1.25 to \$3.00 per 100 pounds liveweight, depending on grade, when cattle are sold at the top of the stabilization price range. Payments on hog slaughter amount to \$1.70 per 100 pounds. In addition to payments to slaughterers, direct payments to farmers and ranchers amounting to 50 cents per 100 pounds are now being made on cattle of better grades weighing 800 pounds and over when sold for slaughter. Direct payments to farmers and ranchers also are being made on sales of sheep and lambs for slaughter. The sheep and lamb payments vary from \$1.00 to \$3.15 per 100 pounds. Authorization of money for the payment of the various subsidies extends through June 30, 1946.

Requirements for meat by the armed forces and for export in 1946 will be considerably below the 1945 total of nearly 6 billion pounds (wholesale dressed meat basis). Reduction in military procurement, however, will be offset in large part by increased civilian population as military personnel are demobilized. If satisfactory financing can be arranged, exports, although reduced, probably will be large compared with prewar, reflecting a low level of meat-animal production in Europe. Production of meat in the United States is expected to total 160 to 155 pounds per capita in 1946. After deducting exports, however, the supply available for domestic consumption (civilian and military) probably will not be more than 155 pounds per capita. At the prospective level of income in 1946, this supply will be about in balance with demand, at the 1945 level of retail meat prices.

Output of meat in 1946 will continue at or moderately above the 1945 level. With some declines in returns to cattle producers in prospect, a continued large slaughter is likely for the next two or three years, and numbers will tend to decline from present near-record levels. Pork production may be moderately greater in 1946 than in 1945, even if market weights of hogs are reduced. Marketings of hogs have been delayed in 1945, and some hogs that normally would have been marketed this year apparently will come to market in 1946. However, output of lamb and mutton will be reduced in 1946, reflecting continuation of the marked war-time decline in sheep numbers through 1945.

Meat production, which averaged 16 billion pounds in 1935-39, increased to a peak of around 24-1/2 billion pounds in 1944, but is likely to be about 22-1/2 billion pounds this year. The record meat production during the war was made possible partly by the accumulation of reserves of feed grains and wheat in prewar years and partly by increased efficiency in feed-grain production, together with better-than-average weather.

Per capita meat production, which trended steadily downward from an average of 153 pounds in 1910-19 to 130 pounds in 1930-39, increased to an average of 160 pounds per capita in 1940-45. Meat output probably will continue large for several years, but substantially further expansion in meat-animal output in the next few years is not likely.

DAIRY PRODUCTS

Over-all demand for dairy products in 1946 will be reduced moderately from 1945, primarily because of smaller noncivilian takings. However, the supply of dairy products, except for butter, probably will be reasonably well in balance with demand at an average price for whole milk, slightly lower than in 1945; assuming continuance of current price ceilings, particularly on butter. Smaller military and export requirements for manufactured whole milk products (cheddar cheese, canned and dried whole milk) and a weakening in demand for skim milk powder will be largely responsible for the decrease in whole milk prices. But the strong demand for butterfat will tend to maintain whole milk prices near 1945 levels.

Unit returns to dairy farmers may be moderately lower in 1946 than in 1945. The level of returns is contingent upon Government action with respect to dairy production payments and processor subsidies for which funds have been authorized through June 30, 1946. If the processor's subsidy of 5 cents per pound on butter is removed and the price ceiling on butter is raised an equivalent amount, the price of butterfat would be unchanged. However, if the price ceiling on butter is removed entirely, butter prices undoubtedly would advance more than 5 cents per pound, and prices of butterfat would rise. On the other hand, removal of the processor subsidy on cheese of 3.75 cents per pound probably would be followed by some decline in the price of milk used in cheese manufacture as production increased during the flush season, even if the price ceiling on cheese was raised by the full amount of the subsidy. The supply of cheese in 1946 is expected to be adequate to meet demand at about present prices.

Civilian takings of fluid milk and cream at the present level of retail prices probably will not be much different from 1945. Any decline in fluid milk consumption will tend to be offset by increases in consumption of fluid cream. From October 1943 to late August 1945, consumption of fluid cream was materially restrained by restrictions on sales, but fluid milk consumption was affected only slightly.

Also consumption of whole milk products is expected to continue the upward trend which was retarded by wartime developments. Civilian butter consumption probably will remain below potential demand and prewar levels, but higher than in war years.

Milk production for 1946 probably will be 1 to 3 percent lower than the indicated 1945 record of about 123 billion pounds. Cow numbers have begun to decline, and the record rate of milk production per cow, resulting from a liberal rate of feeding and excellent pasture condition, is not expected to continue. Discontinuance of the dairy production payments in the second half of 1946 would accelerate the decline. Specific schedules have been announced through March 31, 1946.

POULTRY AND EGGS

Prices received by farmers for eggs in 1946 may be at or near support levels during most months, in contrast to the situation during most of 1945 when prices were at ceilings. All demand factors, except possibly demand for exports, will be weaker than in 1945.

Production of eggs probably will be somewhat smaller and, if dried egg production for export is nearly equal to 1945 exports (approximately 130 million pounds), a moderately smaller number of eggs per capita will be available in 1946 than in 1945 but larger than in any previous year. With civilian meat supplies increasing, and little if any replacement of meat by eggs taking place, sharp price declines are in prospect. In 1945 a substantial quantity of eggs per capita was consumed because of shortages of meats. Military takings, which in 1945 accounted for about 10 percent of the total disappearance of eggs, will be reduced in 1946.

Demand for chicken and turkey will weaken in 1946, primarily because of reduced military takings and increased civilian supplies of red meats. But with a high level of consumer purchasing power, poultry meat prices probably will decline only moderately from the all-time peaks reached in 1945. The supply of poultry meat will be somewhat less plentiful in relation to demand than in the case of eggs. Chicken and turkey meat supplies for civilians in 1946 may not be much different from 1945.

In the longer run, with purchasing power above prewar, per capita consumption of chicken may remain at the relatively high 1944 and 1945 level of about 24 pounds per person. In addition to the effects of a higher level of income, more efficient techniques in broiler production and improvements in marketing methods will contribute to a well sustained supply and large consumption of chicken. The trend in broiler production is likely to continue upward, but at a decreasing rate.

FATS, OILS, AND OILSEEDS

Prices of fats and oils in the United States probably will continue at high levels through 1946 and early 1947. If price ceilings are removed in 1946, prices of some fats and oils will advance.

Despite high prices in prospect for oils, prices of domestic oilseeds may average moderately lower in 1946-47 than in the current marketing year, partly because of lower prices for oilseed meal in late 1946 and 1947. Demand for high-protein feeds may be less strong during the summer and fall of 1946 than in 1945 as a result of some decline in returns to poultry and dairy producers.

Soybean prices are now supported by means of processor subsidies, with farmers receiving an average of about \$2.05 per bushel, about 30 cents per bushel higher than the oil and meal equivalent value of soybeans. If the subsidy is withdrawn after 1945-crop contracts are completed, prices to growers probably will decline by approximately 30 cents per bushel. Any tendency for oil prices to advance probably would be offset by a declining tendency in

meal prices. The support price for soybeans in 1946-47, under the "Steagall Amendment," and with the comparable price at the present level, could be reduced to \$1.50 per bushel. However, soybean acreage and production may decline in 1946, as a result of shifts into hay and pasture. A crop 5 to 10 percent smaller than in 1945 would bring supplies of edible fats and oils into balance with probable demand at 1945 prices. This would tend to maintain soybean prices above the minimum support level.

The flaxseed price support, at 90 percent of the present parity, would be about \$2.65 per bushel, farm basis, about 8 percent less than the prospective average farm price of \$2.90 this season. The current price for flaxseed reflects ceiling prices of linseed oil and meal. If ceiling prices are removed in 1946, linseed oil and flaxseed prices would advance. Flaxseed acreage will be substantially reduced in 1946, unless special incentives are offered to growers. In 1945, a payment of \$5.00 per acre was made. Reduction in acreage would tend to support linseed oil prices and, to a lesser extent, linseed meal prices, at high levels in the summer and fall of 1946, but not in the winter and spring of 1947 if Argentine flaxseed becomes available in large volume at that time.

Demand for shelled peanut products will be moderately lower in 1946-47 than in the past 2 years partly because of a reduction in military takings and partly because of an increase in supplies of commodities (such as butter and imported nuts) for which peanuts were substituted during the war. Prices of peanuts, at 90 percent of the present parity for peanuts for nuts would be supported at slightly over \$150 per ton, only 7 percent less than the prospective average price in 1945-46. At this price for all peanuts, production probably would be maintained at a relatively high level. Peanut prices averaged only 57 percent of parity in the years 1935-39.

CORN AND OTHER FEED

Prices of feed grains and other concentrates, except oats, probably will average about as high in 1945-46 as in 1944-45. Supplies of feed concentrates per animal unit for the 1945-46 season are slightly smaller, on the basis of October 1 indications, than the relatively large supplies in 1944-45. Livestock feed demand may not be quite so strong as in 1944-45, on account of somewhat lower returns to some livestock producers. Partly offsetting the prospective decreased demand for livestock feed are indicated increases in exports of feed concentrates. Total quantities of feed grain utilized for food and industrial purposes may be slightly less than in 1944-45. Increases, however, are indicated in utilization of corn for production of corn sugar, corn sirup, and possibly alcoholic beverages.

Feed grain supplies per animal unit for the 1945-46 season, based on October 1 indications, will be slightly larger than last year and the largest in 20 years of record. However, smaller quantities of wheat will be fed in 1945-46 and feed-grain imports will be much smaller than in the past three seasons. Production of the four principal feed grains -- corn, oats, barley, and sorghum grains -- totaled 121.1 million tons during 1945. Stocks of old-crop corn, oats, and barley at the beginning of 1945-46 equaled 14.2 million tons. This makes a total domestic supply of feed grains for 1945-46 of

135.3 million tons, compared with 131.7 million tons in 1944-45, and with the record 1942-43 supply of 141.4 million tons. The number of grain-consuming animal units on farms January 1, 1946, may be about the same as on January 1, 1945, but smaller than for the two preceding years.

Feeding rates are likely to continue at a high level during 1945-46, although possibly not so high as in 1944-45. Even with a somewhat lower rate of feeding and a slightly smaller livestock output in 1945-46, it is likely that carryover of corn and barley at the end of 1945-46 would be below the levels reached at the end of 1944-45. On the other hand, carry-over of oats probably will be larger next year, because of the very large production in 1945.

Smaller quantities of corn probably will be marketed during the next 12 months than during the past season, despite the strong commercial demand indicated. A larger-than-usual proportion of this year's crop is in silage and forage, and a larger-than-usual quantity of grain is reported to be soft. Killing frosts occurred in some important producing areas before the crop was fully mature. However, much of the poor quality corn is in areas where it can be readily fed, so that spoilage and waste is not expected to assume serious proportions.

Livestock producers in some deficit feed areas, and processors, may encounter some difficulties again this season in obtaining desired supplies of corn. Total corn supplies are larger than a year ago in the Eastern Corn Belt States, but are considerably smaller in the Western Corn Belt, where livestock production has increased the most in recent years. However, supplies in the Western Corn Belt are larger than average this year. More corn is on hand in the South Atlantic and South Central regions than a year ago, and less corn probably will be required from "surplus" producing regions than last year. With a considerable reduction in the quantity of wheat to be fed in the North Atlantic States in 1945-46, larger quantities of corn and oats will be needed there than were shipped in last season. More locally produced oats and slightly more corn than last year will partially offset the increased requirements of feed grains from other areas. Supplies of feed grain in the Western States are slightly under a year ago, but reductions in numbers of livestock would offset the reduced supply on hand. About the same quantities of feed grain will be needed to be shipped to the Western States in 1945-46 as last season.

Production of byproduct feeds during 1945-46 will be nearly as large as in 1944-45, when it was the largest on record. Supplies of high-protein byproduct feeds on the basis of oilmeal equivalent probably will be slightly smaller than in 1944-45. Byproduct feed prices may decline somewhat by summer or fall of 1946, with the reduced livestock feed demand, particularly poultry and dairy.

The supply of hay for the 1945-46 season is one of the largest on record. Production of hay this year totaled 104.2 million tons. Carry-over stocks of old-crop hay last spring were 12.2 million tons, making a total supply for 1945-46 of 116.4 million tons, nearly equaling the previous record

supply in 1942-43. In relation to the livestock to be fed, this supply is the largest in nearly 20 years. Nevertheless, with returns from dairying and beef cattle (including dairy production payments and cattle subsidies through March 1946) at high levels, prices of hay during 1945-46 probably will average only moderately lower than in 1944-45.

FOOD GRAINS

Supplies of wheat and rice in 1946-47 are expected to be plentiful, but supplies of rye may continue relatively short. Compared with the current year, the price of rye is expected to average slightly lower, wheat somewhat lower, and rice considerably lower.

Wheat

Large export demand for wheat is expected to hold prices generally at about ceiling levels for most of the remainder of the current marketing year. For the 1946 crop prices may be only moderately lower, unless yields per acre in this and other important producing countries are very large. Present law provides price-support loans to cooperating farmers at 90 percent of parity on wheat harvested within two full calendar years after the formal termination of hostilities, provided that producers have not disapproved of marketing quotas. Should prices average only at the 90 percent support level in 1946-47 they would probably be between 10 and 15 percent below the current marketing year. However, this would still be above prices in any of the 17 years between 1925 and 1943.

Under present conditions, farmers undoubtedly will seed a wheat acreage for harvest in 1946 at least equal to that seeded for the 1945 crop. The goals established by State committees add up to 68.9 million acres for the country as a whole, which is practically the same as was seeded for the 1945 crop. With average yields, this acreage would produce a crop of about 900 million bushels. This, with stocks on July 1, 1946 of about 300 million bushels, would provide for domestic requirements and leave about 400 million bushels for export in 1946-47 and carry-over on July 1, 1947. If Canada and the Southern Hemisphere countries have good crops, exports from the United States probably would not exceed 100 million bushels, which would leave a carry-over of about 300 million bushels on July 1, 1947. A larger crop, of course, would add to the size of the carry-over.

Conditions in the United States are conducive to maintaining wheat acreage at around current levels for the next year or two. Stocks that have been accumulated before the war in the United States and in many foreign countries have been reduced to moderate levels. If adequate financial arrangements are made, the export demand for wheat is sufficient to absorb most of the surpluses in the exporting countries in the current marketing year. However, if a relatively large wheat acreage is maintained for several years, this country will again be faced with a difficult disposal problem. In fact, if production in the United States is maintained, the country may begin to build up surplus stocks in 1947, unless crops are short in Canada or some other important producing countries in the meantime.

Rye

With the likelihood that the acreage for rye grain will not be expanded enough to fully meet requirements, rye prices in 1946-47 are expected to approximate ceilings which would be slightly below the relatively high level in the current marketing year.

Rye disappearance in 1945-46 is expected to be greater than the 1945 crop and reduce the carry-over July 1, 1946 to between 6 and 7 million bushels. This is considerably below average, and compares with 13 million bushels on July 1, 1945. The acreage of rye for harvest in 1946 is expected to approximate the State rye goals which total 2.6 million acres. This would be about a fourth larger than the 2.1 million acres harvested in 1945. Assuming average yields of 12.2 bushels per acre, this acreage would produce a crop of 31.4 million bushels. Additional rye production could be readily used for animal feed, distilled spirits, and exports, but it is not likely that the acreage could be further expanded to obtain significant additional supplies. The acreage for grain has been declining in the important commercial rye-producing States since wheat restrictions were removed. Only minor increases are likely, in other States, where they would be largely absorbed for livestock feed.

Rice

The strong demand for rice produced in the United States will continue until the Oriental supply begins to move freely. The first rice crop in Oriental surplus-producing countries to be planted after the war, with minor exceptions, will be harvested beginning in November 1946. This is later than the harvest in August in the United States, and if financial arrangements are made, should provide an opportunity for the United States to continue to export rice in the early months of the 1946-47 marketing year. If it were not for this early-season demand, our exports and shipments would be expected to decline to about the prewar level of 23 million bushels. With about 28 million bushels needed for food in the United States and 4 million for seed and feed, our annual disappearance rate following the war would be only about 55 million bushels. With average yields of 47 bushels, this could be produced on 1.17 million acres. While such an acreage would be about 6 percent above the 1934-43 average of 1.10 million acres, it would be 23 percent below the record of 1.51 million acres in 1945. Early season exports in 1946-47 will probably bring our exports and shipments above the 23-million-bushel peacetime level. As in the case of wheat, price-support loans to cooperating farmers are provided at 90 percent of parity in the 2 years following the formal termination of hostilities. Should the price of rice drop to about the 90 percent support level, the national average price to growers might be between \$1.25 and \$1.40 per bushel compared with about \$1.75 in 1945-46. However, with the likelihood that substantial exports will continue in the first few months following the United States harvest, when movement from farms is heavy, prices early in the season in 1946-47 may not decline to the support level.

SUGAR

Sugar supplies for the United States are expected to be somewhat larger in 1946 than in the second half of 1945, but still considerably below the

quantity which would be purchased at current prices. The reported discovery of 1.6 million tons of sugar in storage in Java will add about 5 percent to the estimated world supply of sugar for the current year. The effect of the Java stocks on supplies for the United States will depend on the quantity allocated to this country, either directly or indirectly, by increasing the quantity of sugar which the United States may obtain from other sources. In prewar years, a large part of the sugar exported from Java went to Asia.

Production of sugar in continental United States in the fall of 1945 probably will total about 1.9 million tons (raw basis), compared with 1.5 million in 1944. However, most of this sugar will not be available for consumption until 1946. The 1945 sugar beet crop is expected to be at least one-third above 1944, but slightly below the 10-year (1934-43) average. The sugar cane crop in Louisiana and Florida is indicated to be about one-seventh above 1944 and nearly one-fourth above the 10-year average. The announced increase of \$1.00 per ton in the price support payment for sugar beets grown in 1946, and equivalent increases for cane, including that grown in Hawaii, Puerto Rico, and the Virgin Islands, should result in further increases in the domestic production of sugar in 1946. Domestic production normally supplies about two-thirds of total consumption, of which nearly 60 percent comes from insular territories and the remaining from mainland crops of sugar beets and cane.

Sugar production in Cuba is expected to be larger in 1946, since the drought which reduced the yield of the 1944-45 crop has been broken. Production of beet sugar in Europe should increase gradually during the next several years, as the industry recovers from the effects of the war. Sugar production in the Philippines and Java normally would be expected to increase in the same manner. However, recovery may be slower because of the longer length of time needed to reestablish cane fields and harvest a crop.

World sugar supplies in 1945 are the smallest since the start of World War II. This shortage is the result of the loss of sugar production from the Philippines and Java, greatly reduced production in Europe, a small crop in Cuba in 1944-45, and small crops of sugar beets in the United States in 1943 and 1944. World sugar stocks were reduced about 2.4 million tons in 1943 and 1944. A further decline of 1.2 million tons in 1945 was in prospect before the discovery of stocks in Java.

FRUIT AND TREE NUTS

Prices to growers for the 1946 fruit and tree nut crops are likely to average considerably lower than the extremely high wartime levels of the three preceding crop seasons.

Total noncivilian requirements for fruits and nuts from the 1946 crops will be substantially smaller than those of the past few years, mainly because of a greatly reduced force under arms. Shipments under lend-lease have been terminated and shipments for relief feeding are expected to be small, but commercial exports of fresh and dried fruits probably will be expanded. Nevertheless, most of the fruit and nut crops will be available to domestic civilians.

With average weather and continued good production practices, slightly larger crops of fruits and nuts can be expected in 1946 than in 1945. Increased imports of fruits and nuts, especially bananas and pineapples, appear probable,

as additional shipping becomes available. Also, increased supplies of other food and nonfood items will be available to consumers. With the prospect that consumer incomes will be somewhat smaller, the 1946 crops of fruits and nuts are likely to bring prices considerably lower than those of recent years.

Prices for 1945-crop deciduous fruits at shipping points and terminal markets generally continued at or near ceiling levels during September and early October. Prices for eastern apples on the New York City wholesale market, already at ceilings, advanced slightly in late August when ceilings were adjusted upward because of extremely low yields. In contrast, prices for cranberries, which were at the relatively high ceiling based on the very short 1944 crop, declined moderately in late September to the lower ceiling established for this year's near-average crop. The market for fresh deciduous fruits -- apples, pears, grapes, and cranberries -- is expected to continue fairly strong this fall. The already strong market position of apples will be accentuated by the operation of War Food Order 113, which requires, effective October 3, 1945, that approximately 25 percent of the Delicious and Winesap varieties in the Wenatchee-Okanogan and Yakima areas of Washington and also 25 percent of the Delicious, Winesap, and Newtown varieties in the Hood River area of Oregon be set aside for Government purchase.

Prices for new 1945-46 crop Florida grapefruit and oranges at terminal wholesale markets were at ceiling levels in early October, but are expected to decline considerably after the markets become well supplied with fruit from the prospective large crops. Aggregate production of citrus fruit is expected to be about 8 percent larger than in the 1944-45 season, principal deciduous fruits about 13 percent smaller, and tree nuts about the same.

TRUCK CROPS

Truck Crops for Fresh Market

Continued high levels of production next year, in the face of a moderate reduction in consumer purchasing power and a major reduction in military need for processed vegetables, will result in prices to farmers for commercially-produced truck crops that in general will average considerably lower than the very high prices farmers have received during most of the war years. Truck crops will have to compete on the domestic market with an increasing abundance of other foods.

Consideration of trends in acreage and in yield, the probable availability of labor, and other factors, suggests the possibility of production in 1946 significantly larger than in 1945 for lima beans, snap beans, green peas, and onions, considerably lower for cabbage and cauliflower, but not greatly changed for most other truck crops produced commercially for fresh market shipment. Compared with this year, reductions in price are expected for virtually all truck crops. Assuming an aggregate production about equal to this year, prices to growers for fresh market truck crops in 1946 probably will average significantly lower than during the three preceding seasons, but may still average at least 50 percent higher than prewar.

With few exceptions, prices received by farmers for fresh market truck crops declined much more than seasonally in August and September, accelerated

by the Japanese surrender, holiday market interruptions, continued favorable development of truck crops and competing crops, and by the removal of all canned fruits and vegetables from rationing. Prices turned upward again in early October for many truck crops, but the majority of such prices remain below prices for comparable periods of last year. Prices for most truck crops can be expected to move gradually upward, now that they have reached their usual seasonal low point in September or October.

Truck Crops for Processing

Prices received by growers for the 1946 production of truck crops for processing are expected to be considerably lower than those received during this season and the two preceding seasons, but in general at least 25 percent above prewar averages. The hitherto-unsatisfied demand of domestic consumers for commercially-canned vegetables will be some help in moving into consumption the large supplies which, it now appears, will be available to civilians in the 1945-46 pack year. Carry-over stocks of certain items, particularly those of lower quality, may prove to be burdensome. The large reductions in Government requirements for the military forces will be only partly offset by the civilian demand of returning veterans. A definite surplus of late potatoes, abundant quantities of commercially-produced fresh market truck crop at lower retail prices, and a growing civilian supply of other domestic and imported foods in general all spell increased competition for canned vegetables in 1946.

Prices which growers have received for this year's production of truck crops for processing are expected to average about the same as for last year. Total production this year for processing is estimated to be at new record-high levels for lima beans and green peas, and at very high levels for virtually all other truck crops.

The large cuts in military requirements for canned vegetables, and further increases in estimated size of the 1945 packs, have within the past two months greatly changed the outlook for civilian supplies in the 1945-46 pack year. Formerly the prospect was for the shortest per capita supply in more than 10 years; now the outlook is for nearly -- if not actually -- the largest total per capita supply of commercially-canned vegetables on record.

POTATOES AND SWEET POTATOES

Remembering the high prices received for potatoes during the war years, and with assurance of price support for the 1946 potato crop at not less than 90 percent of parity (or about \$1.10-1.15 per bushel to farmers), growers probably will be inclined to maintain total acreages in 1946 near this year's level. The long-time shift toward areas with higher yields per acre was speeded up during the war. Consequently, average growing weather in 1946 may be expected to result in yields considerably higher than prewar.

If the 1946 potato crop is much larger than average for the 10 years, 1934-43, prices received by growers are not expected to average much, if any, above the support level. Marketings in the first half of 1946 will have to compete with a very large carry-over from the bumper 1945 crop. Military requirements for potatoes in 1946 will be considerably smaller than in 1945.

Prices received by growers for potatoes this fall have at times sagged below support levels at some shipping points, and purchase and loan operations by the Government for price-support purposes have been undertaken on a very large scale. It is now estimated that United States production of potatoes this year may total more than 435 million bushels, which would be the second largest crop of record. This near-record crop resulted from record-high yields on an acreage 6 percent below the 10-year (1934-43) average harvested acreage. If this year's acreage had produced only average yields, the total production for 1945 would have been little more than 350 million bushels, or about 6 percent smaller than an average crop.

Considering the large reduction in military requirements for potatoes (particularly in dehydrated form), the greater availability of other foods, some decrease in employment and consumer income, and the likelihood that producers of next winter's early commercial crop will tend to maintain the high acreages of recent years, it appears unlikely that prices to growers will rise much above support levels for the rest of the 1945 crop potato marketing season.

The Government also is committed to the support of prices paid growers for sweetpotatoes, (when properly cured) for at least the next 2 years, at not less than 90 percent of parity. At the present time this would be about \$1.38 per bushel. Such a price is considerably above prewar average prices for sweetpotatoes and might induce growers to increase their acreages in 1946, unless other uses for the land and labor are more attractive. Because of increased competition from many other foods at lower-than-wartime prices, an above-average crop probably would return to growers a price little, if any, higher than support levels.

This year's crop is currently estimated at 69 million bushels (about 4 percent smaller than last year, though 3 percent above the 10-year (1934-43) average. Prices have held mostly at ceilings so far, but probably will weaken considerably in October and November as digging and marketing reach their peak. In view of the improvement in crop prospects and decline in military requirements, the supplies available for civilians probably will approximate those of the previous two seasons, but are not expected to be burdensome.

DRY EDIBLE BEANS AND PEAS

Prices to growers for the 1945 and 1946 crops of dry edible beans and peas are expected to reflect support-price levels. Present legislation requires that prices for the most important varieties of these two commodities, which have been designated "Steagall" commodities, be supported at not less than 90 percent of the parity or comparable price for 2 years following the end of hostilities. Under the price-support programs for the 1945 crops of dry beans and peas, prices to growers are expected to average slightly above parity and substantially above prewar. As of September 15, 1945, farmers received an average of \$6.33 per 100 pounds for dry beans, which is 8 percent above parity and 80 percent above the 5-year (1935-39) average. For dry peas on September 15, they received an average of \$4.07 per 100 pounds, which is 12 percent above the comparable (substitute parity) price and 191 percent above the 2-year (1938-39) average. If prices for the 1946 crops were to

average no more than 90 percent of parity and if there were no large change in the parity index, such prices, although lower than in 1945, would still be substantially above prewar.

Increased production of dry edible beans and peas has been encouraged through price-support programs, in order to meet increased wartime requirements for these two food crops. This has permitted extensive shipments under lend-lease and for relief feeding purposes. Although shipments under lend-lease have been terminated, relief needs will continue large for another year. Commercial exports from the 1946 crops, especially of peas, may be negligible. Domestic demand during the 1946-47 season probably will call for quantities about the same as in the 1930's. This would mean a slightly larger production of beans in 1946 than this year, for which a crop of nearly 15 million bags is indicated. At the 1934-43 average yields, an acreage slightly larger than in 1945 would be required. For peas it would mean a considerably smaller production than the 5.8 million bags indicated for this year.

To meet anticipated requirements for dry edible peas during the 1946-47 season, a national goal of 400,000 acres of dry smooth peas has been suggested by the United States Department of Agriculture. In addition about 90,000 acres of dry wrinkled peas will be required to provide seed for 1947 plantings of processing and garden peas. The combined acreage, which is 10 percent smaller than that of 1945, would produce, under average production conditions, about 4,554,000 bags of smooth peas and 1,000,000 bags of wrinkled peas. Prices for the 1946 crop of dry smooth peas only will be supported at 90 percent of the comparable price as of July 1, 1946. To illustrate what this price might be, 90 percent of the comparable price September 15, 1945, would reflect \$3.28 per 100 pounds of peas, farm basis.

COTTON

For the fifth successive year cotton farmers are harvesting a cotton crop, from which the returns from marketings exceed one billion dollars. On the basis of the crop as estimated in October and assuming that the prices to producers of lint and seed for the full season are the same as in mid-September, returns this season would total about 1.2 billion dollars. This would be slightly lower than in any of the past 3 seasons, but larger than in 23 of the past 36 seasons.

Such favorable incomes from cotton as have been received during the past few years would normally have been reflected in increases in cotton acreage. As a matter of fact, however, the acreage of cotton has declined. This decline was occasioned in part by the combination of a generally tight farm labor situation, which made shifting from more to less labor-intensive crops desirable, and by the favorable income outlook for the less labor-intensive crops. Also, the sharp drop in cotton acreage from 1944 to 1945 was due to a considerable extent to adverse weather during the spring months. Labor is expected to be more plentiful for the 1945 crop than in recent seasons, as is also the supply of farm machinery, fertilizer, and other farm supplies and equipment. With Government loan rates for cotton fixed at 22-1/2 percent of parity at least for 1946 and 1947, as provided for by current legislation, and with but little decline in parity in prospect, it would seem that the

favorable income situation, which has prevailed in recent years, will also typify the 1945 and 1947 seasons. Practically all factors favor an increased acreage of cotton in 1946. An acreage intermediate between the season's level of 18.3 million acres and the minimum permissible Government allotment of something over 27.0 million acres would, with yields equal to the 1940-44 average, result in a production of about 2 million bales larger than is indicated for 1945.

Present indications point to a domestic supply of American cotton in 1945-46 of nearly 20.6 million running bales, of which slightly more than 11 million bales represents carry-over at the beginning of the season and 9.5 million new production. Although the carry-over this season was slightly larger than in 1944, the total supply is 2.1 million bales smaller than last season and smaller than in any other season since 1936-37. This supply includes an abnormally large quantity of the shorter staples and lower grades.

Mainly as a result of the tight labor situation in the cotton textile industry, domestic consumption has steadily declined since the peak annual rate of nearly 12 million bales was established in April 1942. Last season consumption totaled slightly under 9.6 million bales, although by the end of the season the rate had dropped to only 8.2 million bales. Some recovery from this summer low is expected, but it is doubtful if consumption this season will be much above or below 9.0 million bales, even though the supply of raw cotton is abundant and the demand for cotton textiles would justify a somewhat higher level of production were it easily obtainable. The failure of consumption to be higher is largely a question of the labor situation and the outlook for profits in cotton mills.

American cotton will face even keener than normal competition in foreign markets, particularly as ocean shipping space becomes more plentiful. The August 1 world carry-over of foreign cotton totaled 14.2 million bales, slightly smaller than the record level in 1943, but nearly double the 1939 level. Since most of the carry-over of foreign cotton is held in exporting countries, it, too, will be seeking export outlets as soon as conditions permit. The surplus disposal bill, which provides that American cotton can be sold for export at competitive world prices, has improved American cotton's competitive position abroad. However, the effects of the present export subsidy on U. S. exports as shipping becomes more plentiful will be lessened as a result of some countries, particularly the United Kingdom, already having acquired title to considerable cotton in other export countries. Also, since the subsidy rate of 4.00 cents a pound was announced in November 1944, there has been a considerable divergence between the prices of American and foreign growths. This is mainly the result of prices in the United States rising more than the prices of foreign growths, some of which have actually declined. Even so, there are a number of areas that are potential importers of sizable quantities of American cotton this season and next, if adequate financial arrangements can be made.

The full utilization of such export possibilities as could be developed would do much to move the low-grade and short staple cotton which bulks so large in the current carry-over. In any event, it appears likely that exports of American cotton may total about 3.0 million bales this season as compared with 2.0 million bales last season, and from 1.1 to 1.5 in the preceding 4 seasons.

With the possibility that both the world consumption and production of foreign-grown cotton will increase moderately, but with little net change in the carry-over of foreign cotton, the outlook is for the total world carry-over on August 1, 1946, to be somewhat smaller than in 1945 mainly as a result of the declining carry-over of American cotton. However, an acreage intermediate between this season's level and the minimum allotment, with average yields and abandonment, would result in a supply of cotton in 1946-47 about the same size as in 1945-46, despite the sharp decline in carry-over from 1945 to 1946.

Although the outlook for the next year or two is for favorable farm returns from cotton, certain highly important unfavorable factors in the longer-time outlook should not be ignored. Domestically, rayon consumption has been increasing at a very rapid rate, and important gains in rayon and other synthetic fibers are expected to continue during the next several years. At the same time American cotton will meet increased competition in foreign countries both from synthetic fibers and from foreign cotton. Foreign production of rayon in 1942, the latest year for which data are available, was equivalent to roughly 6-3/4 million bales of cotton compared with only 1 million bales in 1932. In 1944-45 the total supply of foreign cotton -- nearly 27.2 million bales -- was 5.5 million bales larger than 10 years earlier.

WOOL

Prices received by farmers for wool will remain near present levels through early 1946 since the Government will continue to purchase all domestic wool offered until June 30, 1946, at prices specified in the 1945 purchase program. Prices to growers after June 1946 will depend largely on what action is taken in regard to Government support of prices following the current program. Without Government support, prices would decline to a level competitive with prices of imported wools. Current support prices of \$1.19 a pound for fine strictly combing territory wool, and \$1.04 for combing 3/8 blood wools, scoured basis, at Boston, are about 20 percent higher than duty paid prices of imported wools of comparable quality and preparation.

Despite a near-record rate of apparel wool consumption this year, the carry-over of domestic wool on April 1, 1946, probably will be larger than the 1945 carry-over of 366 million pounds (grease basis). The extent of the increase will depend upon whether or not action is taken to restore a more normal relationship between costs to mills of domestic and imported wools. Total stocks of domestic and foreign apparel wool held by United States mills and dealers and by CCC on July 1, 1945, plus domestic wool still on farms and ranches, were equivalent to about a year's supply at the current rate of mill consumption. The July 1 supply is being augmented, however, by relatively large imports.

United States mill consumption of apparel wool in 1946 will be smaller than the wartime annual rate of 1 billion pounds, grease basis, owing to the ending of large scale production of military fabrics. But consumption will continue large, compared with prewar, and will be much larger than domestic wool production. Consumption in the next year or two will be supported by a large demand for fabrics and clothing for commercial inventory replenishment by requirements for men returning from the services, and by continued high level of consumer expenditures.

Total consumption of wool in foreign countries will increase in 1946 from the relatively low wartime level, owing to increased consumption in Continental Europe and the United Kingdom, and a continuing high level of consumption in Southern Hemisphere countries, where there was a material expansion in wool manufacturing during the war. The increased consumption, together with reduced world production in prospect, will reduce the rate of accumulation of world stocks of wool in 1946, and may, within a few years, bring about some reduction of the surplus. The British Government, which owns the greater part of the wartime accumulation of foreign wools, has recently announced marketing plans to control sales and prices of carry-over wools and the new production of the British Dominions during the years necessary to dispose of the surplus. Since these countries supplied about three-fourths of world exports of apparel wool in prewar years, such control could be a strong stabilizing factor in world wool prices.

TOBACCO

Domestic and foreign demand for United States tobacco is expected to continue relatively strong during 1946-47, although the situation varies among the individual types, and some price declines below wartime peaks may be in prospect. Prices this year and last reached peak levels, and under ceiling regulations, the poor grades of flue-cured, Maryland, and some cigar types have sold as high as the better grades of leaf. Without ceilings, the price spreads between high and low grades likely will be much wider than during the past several years.

Although domestic stocks of flue-cured and burley are larger than in most prewar years, they, as well as stocks of some other types are below average in relation to the current rate of disappearance. With the record 1945 tobacco crop (now placed at 2,037 million pounds), the supply is above a year ago, and with disappearance slightly below the exceptionally high level of last season, stocks probably will be slightly larger for the 1946-47 marketing year.

Domestic consumption of tobacco products during the next year or so is expected to continue at or near the present high level, although some decline in cigarette production is probable, because of the decline in military purchases for overseas shipment. Cigar consumption during 1946 is expected to be above the annual average of about 5-1/2 billion consumed during the prewar years 1934-38, and smoking tobacco production will probably level off during the next few years at a level somewhat above the prewar average of around 200 million pounds. Production of snuff is at the highest level in history, but, like chewing tobacco, some decline is expected to follow the drop in employment in war plants.

Exports of tobacco have increased since the end of the war in Europe, and a high level of exports during the next two marketing seasons is in prospect. Stocks in Britain and other importing countries are low and the United States is the only country in which large quantities are available for export. While dollar exchange may be a major problem in most foreign countries, tobacco is such an important source of revenue to foreign governments that arrangements likely will be made for its purchase. Inasmuch as about one-third of the total domestic production is shipped abroad in normal times, the level of exports during the next few years will be an important factor in prices paid growers.

The high prices being paid for leaf tobacco this year and last may encourage farmers to increase production in 1946.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit of base period	1944		1945			
		Year	Sept.	June	July	Aug.	Sept.
Industrial Production 1/	1935-39						
Total	=100	235	230	220	211	188	-
All manufactures	"	252	246	233	223	196	-
Durable goods	"	353	342	308	292	243	-
Nondurable goods	"	171	168	173	166	158	-
Minerals	"	140	143	144	143	141	-
Construction activity 1/	1935-39						
Contracts, total	=100	71	68	87	94	106	-
Contracts, residential	"	39	32	54	56	56	-
Wholesale prices 2/	1935-39						
All commodities	=100	129	129	132	131	131	131
All commodities except farm and food	"	121	121	123	123	123	123
Farm products	"	162	161	172	170	167	164
Food	"	133	132	136	135	135	133
Prices received and paid by farmers 3/	1910-14						
Prices received, all prod.	=100	195	192	206	206	204	197
Prices paid, int. and taxes	"	170	170	173	173	173	174
Parity ratio	"	115	113	119	119	118	113
Consumers' price 5/ 6/	1935-39						
Total	=100	126	126	129	129	129	---
Food	"	136	137	141	142	141	---
Nonfood	"	120	121	123	123	123	---
Income	1935-39						
Nonagricultural payments 4/	= 100	231	232	241	240	234	---
Cash farm 3/	"	248	244	237	232	274	257
Income of Industrial Workers 3/	"	329	324	301	286	261	---
Factory payrolls 5/	"	361	355	322	305	274	---
Weekly earnings of factory workers 5/	Dollars						
All manufacturing	"	46.08	46.24	46.34	45.42	41.81	---
Durable goods	"	52.07	52.18	51.78	50.60	45.89	---
Nondurable goods	"	37.12	37.66	38.98	38.58	36.61	---
Employment							
Total civilian 7/	Millions	51.8	52.2	52.1	54.3	53.5	51.2
Employees in nonagri. est. 5/	Thous.	38,682	38,571	37,556	37,229	36,894	35,668
Farm 3/	"	10,037	11,040	10,994	11,100	10,612	10,207
Government finance (Federal) 9/	Mil.dol.						
Receipts, net	"	3,702	5,926	5,914	2,695	2,997	5,189
Expenditures	"	8,097	7,930	9,641	8,557	7,354	6,611

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U.S. Dept. of Labor, B. L. S. 3/ U.S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U.S. Dept. of Labor, B. L. S. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of Census. 8/ Beginning July 1945 figures are on a new basis and therefore are not comparable with the previous figures. 9/ U. S. Dept. of Treasury.

Data for 1944 are on average monthly basis.